

MIAMI TODAY

WEEK OF THURSDAY, DECEMBER 7, 2017

SERVING SOUTH FLORIDA'S MOST IMPORTANT AUDIENCE

In Argentina, a bright outlook for a major trading partner

Argentina's President Mauricio Macri continues to receive accolades from global investors, the private sector and a civil society that highly values good governance, an efficient and responsible state, economic growth and social development.

It should not be surprising then that his new pick for ambassador to the US, Fernando Oris de Roa, has similar experience to the president as a corporate executive and entrepreneur who shares those very same priorities.

The appointment of Mr. Oris de Roa is yet another sign to the world that Argentina is open for business and free enterprise is the rule of the day – not the toxic elixir of left-wing populism of the past.

To all who follow Argentina, the message is clear: the country is open for business, dedicated to increasing its competitiveness and committed to combating corruption (which was the hallmark of the 12 years of the Kirchner-Fernández kleptocratic presidencies).

Since coming into office the Macri administration, in addition to negotiating settlement of the country's foreign debt, has embarked upon a reform program that aims to increase employment and productivity, reform tax policy, eliminate export restrictions on agriculture, ease importing and boost innovation.

While multinational companies and large domestic firms like Arcor, Techint and Molinos Rio de la Plata are enthused with President Macri's pro-market agenda, SMEs (small and medium-sized enterprises) are also benefitting from government policies.

Last year President Macri announced new measures to support the country's SMEs, including raising the obligatory percentage of loans that banks must make to the sector from 14% to 16% of net credit. At the same time, Macri also announced a number of other tax and finance measures to support SMEs, including the creation of a fund (Mi Primer Crédito) by Argentina's Bank for Investment and Foreign Trade (Bice) to finance SMEs that have never received bank financing before.

While Argentina has huge competitive assets – human capital, excellent univer-



Jerry Haar

The Writer

Jerry Haar is a business professor at Florida International University and Global Fellow of the Woodrow Wilson International Center for Scholars in Washington, DC.

sities and research centers, high internet penetration, a strong agribusiness sector, and excellent mobile communication infrastructure – there are a great many liabilities, as well.

Mainly, the country has one of the more difficult business environments in the world, ranked at 117 (out of 190 economies) in the World Bank's 2018 Doing Business report. Starting a business, paying taxes, registering property, dealing with construction permits, and contending with labor rules are very costly and difficult.

As our Hemisphere neighbor, US-Argentine commercial relations are of vital importance to both countries, since the US is Argentina's third-largest trading partner. US goods and services trade with Argentina exceeds \$25 billion, making Argentina the US's 28th largest goods export market. It is important to note that the US runs surpluses in both goods and services trade with Argentina.

The nation is also Florida's fourth-largest export destination, with an estimated \$3.5 billion worth of exports in 2015.

In fact, Florida, particularly South Florida, has a stake in the success of the Macri Administration. More than 90% of Argentine visa applications are to visit Florida, specifically Miami and Orlando, according to the US Embassy in Argentina. And each of the 1 million Argentinean visitors to the US each year spends an average \$6,000 during a visit—a \$6 billion injection into the Florida economy. South Florida's attraction of Argentine visitors and those seeking residency here has been in ascendance for over a decade.

Argentinean businesspeople and professionals have done exceptionally well here, especially in real estate development, such as the Faena District, a six-block project in Miami Beach that features luxury hotels, bars, condominiums, a cultural center and a retail complex; the Aston Martin Residences; and the Oceana-branded condos in Key Biscayne and Bal Harbour.

How will Argentina fare economically in 2018? Data suggest that Argentina's economic recovery is accelerating, becoming more broad based, with agriculture, construction, manufacturing and retail all picking up. Real GDP will expand from around 2.7% this year to 3.3% in 2018. Exports will increase, the business climate will improve, and inflation (far too high) will decrease. Domestic and foreign firms are expected to invest \$14 billion by year end.

Although riding high, with an approval rating over 50%, President Macri has dire challenges before him. His Cambiemos coalition failed to win a majority of votes nationwide and the labor unions will fight him tooth and nail on labor reform. As Benjamin Gedan, Public Policy Fellow at the Woodrow Wilson Center, notes, the Argentine public is not yet prepared to get behind the president's pro-market vision. In his words: "Argentina is a tough place to govern."

Tough though it may be, those who know Mauricio Macri are convinced he is up to the challenge and will achieve his goals for the nation.